

no Protest Received

6-12-87

6/15/87

5 MAY 1987

Gentlemen:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(4) of the Internal Revenue Code.

The information presented shows that you were incorporated [REDACTED], as not for profit, under the laws of the state of [REDACTED]. "To work to uplift and better the lives of the senior citizens in [REDACTED] by providing its members with social activities and educational classes and by contributing to various religious charities and other programs designed to aid senior citizens".

You indicate in your by-laws that the purpose of your organization is to work for the betterment of the community to provide fellowship, social, charitable and educational programs.

Membership in your organization is open to any resident over the age of sixty years in the [REDACTED] area.

In the Statement of Support, Revenue and Expense for the Calendar Year [REDACTED], which appears to be a representative financial statement of your organization, you show gross amounts from "Bingo" in the amount of \$[REDACTED]. Of this amount you paid out to various charities \$[REDACTED]. As a percentage of the total amount raised from bingo games, this is less than two percent.

With respect to the bingo games sponsored by you, the information presented shows that they are open to the general public.

During the [REDACTED] Calendar Year amounts disbursed for the benefit of your members in the form of sick and death benefits and for recreational purposes, including tours, parties and dinners, totalled approximately \$[REDACTED].

Section 501(c)(4) of the Code describes certain organizations exempt from federal income tax under section 501(a) and reads, in part, as follows:

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"(a) Civic organizations. - (1) In general.
A civic league or organization may be exempt as an organization described in section 501(c)(4) if -

- (1) it is not organized or operated for profit; and
- (ii) it is operated exclusively for the promotion of social welfare.

- (2) Promotion of social welfare. - (1) In general. An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements..."

In order to qualify for recognition of exemption from federal income tax as a social welfare organization described in section 501(c)(4) of the Code, an organization must be operated for the benefit of the community rather than for the benefit of a small group of individuals. The concept of "social welfare" thus suggests benefits serving or benefitting society as a whole rather than a private group of citizens.

Based on the information presented, it is the conclusion of this office that you do not meet the requirements for recognition of exemption from federal income tax under section 501(c)(4) of the Code as a social welfare organization. The basis for this conclusion is that you do not conduct a social welfare program for the benefit of the community commensurate in scope with the amount of funds you derive from the bingo games. This is indicated by the fact that less than two percent of the receipts taken in from bingo has been used for charitable purposes or for the benefit of the community in general.

We believe, furthermore, that the bingo games conducted by you which are open to the general public for specified fees are conducted similar to a business of a kind ordinarily carried on for profit.

It is our further conclusion that the payments made to your members for sick and death benefits and for the various social programs, including tours, parties and dinners, cannot be said to promote in any way the common good and welfare of the people of the community. Rather they benefit a small number of individuals - your members. While the requirement for membership in your organization is that the individual be over 60 years of age, that in itself does not constitute a charitable class within the generally accepted term of charity. The providing of the above-described benefits to your members results in the inurement of earnings of your organization to your members.

Accordingly, for the foregoing reasons, you are not entitled to recognition of exemption from federal income tax under section 501(c)(4) of the Code as a social welfare organization and you are required to file federal income tax returns with your key District Director.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted in duplicate within 30 days from the date of this letter. You also have right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies of it will be forwarded to your key District Director in Baltimore, Maryland. Thereafter, any questions about your federal income tax status should be addressed to that office.

Sincerely yours,
(signed) [REDACTED]

[REDACTED]
Chief, Exempt Organizations
Rulings Branch

cc: DD, Baltimore w/Form 5548
Attn: EO Group

*Original
Marked
5-5-87*

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date	4-30-87	5/5/87					

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